

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of)	
)	
Project Services, Inc.)	File No. EB-02-TS-080
)	
Operator of Cable Systems in:)	
)	
Hanley Falls, Minnesota)	
Lake Lillian, Minnesota)	
Raymond, Minnesota)	
Watson, Minnesota)	
)	
Request for Waiver of Section 11.11(a) of the)	
Commission's Rules)	

ORDER

Adopted: May 29, 2002

Released: May 31, 2002

By the Chief, Technical and Public Safety Division, Enforcement Bureau:

1. In this *Order*, we grant Project Services, Inc. ("Project Services") temporary, 36-month waivers of Section 11.11(a) of the Commission's Rules ("Rules") for the four above-captioned cable television systems. Section 11.11(a) requires cable systems serving fewer than 5,000 subscribers from a headend to either provide national level Emergency Alert System ("EAS") messages on all programmed channels or install EAS equipment and provide a video interrupt and audio alert on all programmed channels and EAS audio and video messages on at least one programmed channel by October 1, 2002.¹

2. The Cable Act of 1992 added new Section 624(g) to the Communications Act of 1934 ("Act"), which requires that cable systems be capable of providing EAS alerts to their subscribers.² In 1994, the Commission adopted rules requiring cable systems to participate in EAS.³ In 1997, the Commission amended the EAS rules to provide financial relief for small cable systems.⁴ The

¹ 47 C.F.R. § 11.11(a).

² Cable Television Consumer Protection and Competition Act of 1992, Pub. L. No. 102-385, § 16(b), 106 Stat. 1460, 1490 (1992). Section 624(g) provides that "each cable operator shall comply with such standards as the Commission shall prescribe to ensure that viewers of video programming on cable systems are afforded the same emergency information as is afforded by the emergency broadcasting system pursuant to Commission regulations" 47 U.S.C. § 544(g).

³ *Amendment of Part 73, Subpart G, of the Commission's Rules Regarding the Emergency Broadcast System, Report and Order and Further Notice of Proposed Rule Making*, FO Docket Nos. 91-171/91-301, 10 FCC Rcd 1786 (1994) ("First Report and Order"), reconsideration granted in part, denied in part, 10 FCC Rcd 11494 (1995).

⁴ *Amendment of Part 73, Subpart G, of the Commission's Rules Regarding the Emergency Broadcast System, Second Report and Order*, FO Docket Nos. 91-171/91-301, 12 FCC Rcd 15503 (1997) ("Second Report and

Commission declined to exempt small cable systems from the EAS requirements, concluding that such an exemption would be inconsistent with the statutory mandate of Section 624(g).⁵ However, the Commission extended the deadline for cable systems serving fewer than 10,000 subscribers to begin complying with the EAS rules to October 1, 2002, and provided cable systems serving fewer than 5,000 subscribers the option of either providing national level EAS messages on all programmed channels or installing EAS equipment and providing a video interrupt and audio alert on all programmed channels and EAS audio and video messages on at least one programmed channel.⁶ In addition, the Commission stated that it would grant waivers of the EAS rules to small cable systems on a case-by-case basis upon a showing of financial hardship.⁷ The Commission indicated that waiver requests must contain at least the following information: (1) justification for the waiver, with reference to the particular rule sections for which a waiver is sought; (2) information about the financial status of the requesting entity, such as a balance sheet and income statement for the two previous years (audited, if possible); (3) the number of other entities that serve the requesting entity's coverage area and that have or are expected to install EAS equipment; and (4) the likelihood (such as proximity or frequency) of hazardous risks to the requesting entity's audience.⁸

3. Project Services filed a request for temporary, 36-month waivers of Section 11.11(a) for the four captioned cable system on February 27, 2002. In support of its waiver request, Project Services states that these are small, rural cable systems which together serve approximately 555 subscribers, with two systems serving fewer than 100 subscribers. Based on a price quote provided by an EAS equipment manufacturer, Project Services estimates that it would cost approximately \$9,579 to install EAS equipment at each of these systems for a total cost of \$38,316. Project Services asserts that this cost will impose a substantial financial hardship on it and provides its financial statements for 2000 and 2001 in support of this assertion. In addition, Project Services submits that its subscribers will continue to have ready access to national EAS information from other sources, including its cable systems. In this regard, Project Services notes that its subscribers currently have access to national EAS messages on approximately half of all programmed channels. Project Services also asserts that its subscribers will have access to EAS information through over-the-air reception of broadcast television and radio stations. Moreover, Project Services states that each of the communities served by these systems operates an emergency siren for alerting residents and that, given the small size of these communities, a central siren is sufficient to notify the entire town. Finally, Project Services believes that it will be able to fund EAS equipment for the four systems in the next three years.

4. Based upon our review of the financial data and other information submitted by Project Services, we conclude that temporary, 36-month waivers of Section 11.11(a) for the four captioned

Order”).

⁵ *Id.* at 15512-13.

⁶ *Id.* at 15516-15518.

⁷ *Id.* at 15513.

⁸ *Id.* at 15513, n. 59.

systems are warranted.⁹ In particular, we find that the estimated \$38,316 cost of EAS equipment for these small cable systems could impose a financial hardship on Project Services.

5. We note that the Commission recently amended the EAS rules to permit cable systems serving fewer than 5,000 subscribers to install FCC-certified decoder-only units, rather than both encoders and decoders, if such a device becomes available.¹⁰ Based on comments from equipment manufacturers, we anticipate that such a decoder-only system could result in significant cost savings to small cable systems.¹¹

6. Accordingly, **IT IS ORDERED** that, pursuant to Sections 0.111, 0.204(b) and 0.311 of the Rules,¹² Project Services, Inc. **IS GRANTED** waivers of Section 11.11(a) of the Rules until October 1, 2005 for the four captioned cable television systems.

7. **IT IS FURTHER ORDERED** that Project Services, Inc. place a copy of this waiver in its system files.

8. **IT IS FURTHER ORDERED** that a copy of this *Order* shall be sent by Certified Mail Return Receipt Requested to counsel for Project Services, Inc., Christopher C. Cinnamon, Esq., Cinnamon Mueller, 307 North Michigan Avenue, Suite 1020, Chicago, Illinois 60601.

FEDERAL COMMUNICATIONS COMMISSION

Joseph P. Casey
Chief, Technical and Public Safety Division
Enforcement Bureau

⁹ The waivers for the four systems will extend 36 months from October 1, 2002, until October 1, 2005. Project Services also specifically requested waiver of the testing and monitoring requirements of the EAS rules for these four systems. We clarify that the waivers we are granting also encompass the EAS testing and monitoring requirements.

¹⁰ *Amendment of Part 11 of the Commission's Rules Regarding the Emergency Alert System*, EB Docket 01-66, FCC 02-64 at ¶ 71 (released February 26, 2002).

¹¹ One manufacturer estimated that an EAS decoder-only system can reduce the cost by 64% over what a cable operator would spend for an encoder/decoder unit. *Id.* at ¶ 70.

¹² 47 C.F.R. §§ 0.111, 0.204(b) and 0.311.